

**School of Finance and Commerce**  
**Bachelor of Commerce Honours in Financial Market**  
**Mid Term Examination - May 2024**

**Duration : 90 Minutes**

**Max Marks : 50**

**Sem II - H1UB204T - Financial Accounting-II**

*General Instructions*

*Answer to the specific question asked*

*Draw neat, labelled diagrams wherever necessary*

*Approved data hand books are allowed subject to verification by the Invigilator*

- 1) What is the purpose of provisions and reserves? K2 (2)
- 2) What is the formula used to calculate the value of annual depreciation in case the rate is not mentioned. K1 (3)
- 3) Explain the concept of depreciation and its significance in accounting. K2 (4)
- 4) Compare and contrast depreciation, depletion, amortization, and dilapidation. K2 (6)
- 5) The Madras Transport Co. Ltd. Purchased Motor Lorry from the Bombay Motor Co. Ltd on a Hire- Purchase Agreement on 1st April, 2018, paying cash rs 10000 agreeing to pay three further instalments of rs 10000 each on 31st March every year. The cash price of the motor lorry is rs 37250 and the Motor Co. charges interest at 5% p/a. The transport company charges depreciation at 10% p.a. using written down value method. Make the necessary accounting records in the books of the hire purchaser. K3 (6)
- 6) Identify the differences between provisions and reserves. Also state examples of each. K3 (9)
- 7) A Company purchased a second-hand machine on 1st April, 2016, for Rs. 30,000 and immediately spent Rs. 4,000 on its repair and Rs. 1,000 on its installation. On Oct. 1, 2018, the machine was sold for Rs. 25,000. Prepare Machine Account after charging depreciation @ 10% p.a. by diminishing balance method, assuming that the books are closed on 31st March every year. IGST was charged @12% on purchase and sale of machine. K4 (8)
- 8) List the provisions related to default in payment of an installment under hire purchase system. K4 (12)

**OR**

Raman Coal Company took a coal mine on lease from 1st April 1992. Royalty was payable half- yearly on 30th Sept. and 31st March at 5 per tonne of output. Minimum rent was fixed at 80,000 per year. Shortworkings were recoverable during the next three half-years. Assume the output was as follows: 30th Sept. 1992 3000 tonnes 31st Mar. 1993 4000 tonnes 30th Sept. 1993 10000 tonnes 31st Mar. 1994 8000 tonnes 30th Sept. 1994 12000 tonnes 31st Mar. 1995 8000 tonnes Prepare necessary ledger accounts in the books of Raman Coal Company provided that final accounts are prepared on 31st March of every year. K4 (12)